



CONSUMER BUYING BEHAVIOUR IN MOTOR INSURANCE INDUSTRY: A CASE STUDY BASED ON WESTERN PROVINCE IN SRI LANKA

BY

J.K.S.P. Jayasuriya

Supervised by

Dr. H.S.C. Perera

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Department of Management of Technology
University of Moratuwa

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Abstract

Modern life styles have changed dramatically since last two decades. Uncertainty, risk and natural disasters and the technological developments have influenced people to plan for future risks. Therefore, insurance has become a major need for modern life styles, and insurance is one of the major service industry in the world. Motor insurance, which contributes greatly to the general insurance category, is becoming more important and the potential in Sri Lanka is enormous.

The new technology could have a major impact on the insurance industry. Many countries in Europe and USA successfully use the technology for insurance for the last two decades. Motor insurance has undoubtedly benefited greatly in various aspects. But the situation in Sri Lanka, especially for motor insurance is different until the current decade. Conventional motor insurance product had created the attitude that spending money on motor insurance was wasting. This influenced consumers to just buy a third party insurance cover since it is a mandatory requirement to run a vehicle.

But the situation started changing after Ceylinco Insurance Company re-launched its motor insurance product with attractive features as Ceylinco VIP-on-the-spot. This created a massive competition and, motor insurance has become the most marketable product in insurance. Competition directed all the firms to introduce innovative solutions, and more added features are provided with the motor insurance. But the question is whether the consumer's expectations are met and whether they are satisfied. Moreover, the fact that whether the insurance firms really attempt to provide consumer-oriented services is debatable. It is apparent that the consumers are more concerned of having insurance covers. On the other hand, the competition provides more bargaining power to the consumers, and focusing only on premium may result ultimate dissatisfaction with the service, and entire motor insurance industry may face immense difficulties. This research attempts to analyze and answer few of these questions.